



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 28, 2000

H.R. 3222 **Literacy Involves Families Together Act**

*As ordered reported by the House Committee on Education and the Workforce
on February 16, 2000*

SUMMARY

H.R. 3222 would reauthorize and revise two programs under the Elementary and Secondary Education Act (ESEA): the Even Start Literacy Program under part B of title I of ESEA and the Inexpensive Book Distribution Program under part B of title X of that act. Under current law, the authorization for both programs expires in 2000. H.R. 3222 would extend the authorization through 2004. Under the General Education Provisions Act (GEPA), programs funded at the Department of Education receive an automatic one-year authorization extension. Therefore, the bill would effectively reauthorize the programs through 2005. The bill would require programs funded under Even Start to incorporate scientifically based research and would set aside funds to support such research. It also would expand the flexibility of the program to allow participation by older children and religious organizations. The bill would significantly increase authorized funding to support these changes and would increase the program's scope. The Inexpensive Book Distribution Program would be revised to allow part of the matching requirement to come from other federal sources.

CBO estimates that implementing the bill would require appropriations of \$2.7 billion over the 2001-2005 period, assuming adjustments for inflation. CBO estimates that appropriating the authorized levels would result in additional outlays of \$2.0 billion over the 2001-2005 period. Enacting H.R. 3222 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

H.R. 3222 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs to state or local governments resulting from enactment of this bill would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3222 is shown in Table 1. The costs of this legislation fall within budget function 500 (education, training, employment, and social services). (An alternative funding path, excluding annual inflation adjustments, is shown in Table 2.)

TABLE 1. ESTIMATED BUDGETARY EFFECTS OF H.R. 3222, WITH ADJUSTMENTS FOR INFLATION

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Budget Authority ^a	170	0	0	0	0	0
Estimated Outlays	147	156	45	16	0	0
Proposed Changes						
Title I - Even Start Family Literacy						
Estimated Authorization Level	0	500	508	517	526	534
Estimated Outlays	0	15	365	456	514	523
Title II - Inexpensive Book Distribution						
Estimated Authorization Level	0	20	21	21	21	22
Estimated Outlays	0	3	14	20	21	21
Total Proposed Changes						
Estimated Authorization Level	0	520	529	538	547	556
Estimated Outlays	0	18	380	476	535	544
Total Spending Under H.R. 3222						
Estimated Authorization Level ^a	170	520	529	538	547	556
Estimated Outlays	147	175	424	492	535	544

a. The 2000 level is the amount appropriated for that year for the Even Start Literacy and Inexpensive Book Distribution Programs.

Note: Components may not sum to totals because of rounding.

TABLE 2. ESTIMATED BUDGETARY EFFECTS OF H.R. 3222, WITHOUT ADJUSTMENTS FOR INFLATION

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Budget Authority ^a	170	0	0	0	0	0
Estimated Outlays	147	156	45	16	0	0
Proposed Changes						
Title I - Even Start Family Literacy						
Estimated Authorization Level	0	500	500	500	500	500
Estimated Outlays	0	15	365	450	500	500
Title II - Inexpensive Book Distribution						
Estimated Authorization Level	0	20	20	20	20	20
Estimated Outlays	0	3	14	19	20	20
Total Proposed Changes						
Estimated Authorization Level	0	520	520	520	520	520
Estimated Outlays	0	18	379	469	520	520
Total Spending Under H.R. 3222						
Estimated Authorization Level ^a	170	520	520	520	520	520
Estimated Outlays	147	174	424	485	520	520

a. The 2000 level is the amount appropriated for that year for the Even Start Literacy and Inexpensive Book Distribution Programs.

Note: Components may not sum to totals because of rounding.

BASIS OF ESTIMATE

The current authorization of the Even Start Family Literacy and the Inexpensive Book Distribution programs expires in 2000 under GEPA. The bill would reauthorize funding starting in 2000 for the Inexpensive Book Program and in 2001 for Even Start; however, programmatic changes would not be implemented until 2001 for either program and both would be authorized through 2004. As both programs qualify for an automatic one-year extension of authorization under GEPA, CBO estimates costs through 2005.

As shown in Table 1, CBO estimates total authorizations of \$520 million for 2001 increasing to \$556 million in 2005, for a total of \$2.7 billion over the 2001-2005 period. Assuming appropriation of the authorized amounts, H.R. 3222 would increase outlays relative to current law by \$18 million in 2001 and by \$2.0 billion over the 2001-2005 period. Without inflationary adjustments, CBO estimates five-year funding to total \$2.6 billion, with corresponding outlays of \$1.9 billion (see Table 2).

Title I - Family Literacy

The Even Start Family Literacy Program under part B of title I of ESEA funds programs that provide educational services for families with children who are 8 years old or younger. Grants are made to states based on their relative share of basic payments under part A of title I of ESEA. Part A of title I is the largest federal education program and makes grants to Local Education Agencies (LEAs) based on their relative population of low-income students. States then award subgrants on a competitive basis to partnerships comprising LEAs, community organizations, or other educational agencies. The partnerships must assume an increasing percentage of project costs each year with the maximum matching requirement set at 50 percent after four years. Current law also authorizes statewide programs but these are funded through the Reading Excellence program.

Of the total appropriation, 3 percent is set aside for evaluation and 5 percent is reserved for specific programs serving migrant and Indian children and a program located at a women's prison. States are allowed to retain 5 percent for administration.

H.R. 3222 would significantly increase funding for the Even Start program. It would authorize \$500 million for 2001, compared to the 2000 funding amount of \$150 million. It would require that \$2 million be set aside for a research project through the National Institute for Literacy if funding levels increase from the previous year. Once this project is funded, it would also set aside a maximum of \$1 million for states to implement statewide programs. In addition, the bill would require that programs funded under Even Start incorporate scientifically based research in their design, allow certain programs to include children over the age of 8, allow religious organizations to participate in project partnerships, and require coordination with literacy programs funded under other provisions.

Title II - Inexpensive Book Distribution Program

Funds for the Inexpensive Book Distribution Program authorized under part B of title X of ESEA are awarded through an annual contract to Reading is Fundamental, Inc. (RIF). RIF uses this money to provide books and other reading assistance materials to nonprofit

organizations that serve primarily low-income children and families. Federal funding may cover 75 percent of the total cost of books with the remainder being assumed by private sources.

H.R. 3222 would authorize \$20 million for 2000 which is equal to the amount already appropriated. It would introduce minor changes to the program, which would not take effect until 2001, such as allowing part of the matching requirement to be covered by other federal sources and altering the definition of books which may be purchased with program funds. CBO estimates that these changes will not affect program costs and therefore estimates funding in 2001 as the 2000 amount adjusted for inflation.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3222 contains no intergovernmental or private-sector mandates as defined in UMRA. Any costs to state or local governments resulting from enactment of this bill would be incurred voluntarily.

ESTIMATE PREPARED BY:

Federal Costs: Audra Millen

Impact on State, Local, and Tribal Governments: Susan Sieg

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis